

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-31 TRSE-00 OPIC-03 COME-00 XMB-02

IGA-02 L-03 AGR-05 OMB-01 PRS-01 CIAE-00 INR-07

NSAE-00 SP-02 NEAE-00 SSO-00 INRE-00 OES-06 /074 W

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O 311230Z AUG 76

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC IMMEDIATE 4006

CONFIDENTIAL SECTION 1 OF 2 TUNIS 6086

FOR AID ADMINISTRATOR PARKER AND ASSISTANT SECRETARY  
ATHERTON FROM AMBASSADOR

E.O.11652: GDS

TAGS: USTSJC BEXP EINV EAID TS

SUBJECT: STATE OF OUR AID PROGRAM TO TUNISIA

REF: STATE 208312

1. IN CONTEXT OF PREPARING FOR U.S.-TUNISIAN JOINT  
COMMISSION MEETING IN WASHINGTON IN OCTOBER, I HAVE JUST  
COMPLETED A THOROUGH REVIEW OF OUR AID PROGRAM IN TUNISIA.  
I HAD INTENDED TO MAKE SOME CONCRETE PROPOSALS ON WHAT WE  
COULD SAY TO TUNISIANS AT JOINT COMMISSION MEETING AFTER  
HAVING CONSULTED WITH NEW AID DIRECTOR DAVIS, WHO WILL BE  
ARRIVING IN ABOUT TEN DAYS. HOWEVER, WHAT I FIND IN  
REVIEWING THE PROGRAM IS SO DISQUIETING THAT I BELIEVE IT  
WOULD BE UNWISE TO DELAY BRINGING MY VIEWS TO YOUR ATTENTION.  
IT IS ESSENTIAL THAT WE MAKE SEVERAL FUNDAMENTAL DECISIONS

ON THE FUTURE OF OUR AID PROGRAM BEFORE THE OCTOBER MEETING  
WITH THE TUNISIANS, WHOSE DELEGATION WILL BE HEADED BY  
FOREIGN MINISTER CHATTY. IF WE DO NOT, WE RISK DAMAGING  
THE EXCELLENT BILATERAL RELATIONS WHICH WE OTHERWISE  
ENJOY WITH TUNISIA.

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2. WHEN THE JOINT COMMISSION MET IN TUNISIA A YEAR AGO

WE MADE A NUMBER OF PROPOSALS FOR ASSISTING TUNISIA'S DEVELOPMENT PLANS. AS THINGS STAND NOW WE WILL HAVE LITTLE PROGRESS TO REPORT AND WE WILL HAVE AMOST DIFFICULT TIME RXPLAINING WHY THIS IS SO. AS I SAID IN MY TELEGRAM TO YOU CONCERNING TIMING FOR PHASEOUT OF AID PROGRAM (TUNIS 5618), DEVELOPMENT ASSISTANCE IS BOUND TO BE MAJOR THEME OF JOINT COMMISSION MEETING, AND TUNISIANS ARE COMING ARMED WITH THEIR NEW FIVE-YEAR PLAN. I THINK THERE IS STILL TIME FOR US TO MAKE THE DECISIONS NECESSARY TO PRESENT A POSITIVE IMAGE AT THE JC MEETING, EVEN IF WE LIMIT OUR ASSISTANCE TO THE MODEST LEVEL APPROVED IN THE RECENTLY COMPLETE REVIEW OF OUR FY 78 ANNUAL BUDGET SUBMISSION (STATE 192468). I ASK YOUR PERSONAL SUPPORT TO OBTAIN SPEEDY APPROVAL OF THE FOLLOWING RECOMMENDED ACTIONS WHICH I BELIEVE ARE THE MINIMUM NEEDED TO HEAD OFF A POTENTIAL DISASTER THIS OCTOBER.

A. RURAL DEVELOPMENT (SILIANA).

TUNISIAN AMBASSADOR TO U.S., DURING CALL HE JUST MADE ON ME TO DISCUSS CLOUDY OUTLOOK FOR JC MEETING, SAID IN REGARD TO SILIANA THAT OUR MAJOR PROPOSAL LAST YEAR HAD BEEN A \$5M INITIAL LOAN FOR SILIANA AND SO FAR "NOT ONE PENNY HAS BEEN SPENT." THIS PROJECT HAS REACHED THE POINT WHERE TUNISIANS ARE SIMPLY NOT INTERESTED IN LISTENING TO US ANYMORE IF WE CANNOT ACT. IF THE SILIANA PROJECT IS TO BE SCUTTLED, AS THE GHARDIMAOU IRRIGATION PROJECT WAS AFTER MANY YEARS OF FRUITLESS EFFORT, THEN I SEE LITTLE HOPE FOR OUR AID PROGRAM IN SUCH POTENTIALLY PROMISING AREAS AS SCIENCE AND TECHNOLOGY AND AGROBUSINESS. IN THIS REGARD I AM PLEASED TO LEARN FROM STATE 210112 THAT WE ARE PREPARED TO TELL GOT THAT WE STILL WANT TO MOVE AHEAD ON SILIANA. HOWEVER, WE CANNOT AT THE SAME TIME, AFTER ONE YEAR OF NO VISIABLE PROGRESS, SAY THAT WE HAVE DISCOVERED THAT STUDIES ARE NEEDED TO GET A BETTER UNDERSTANDING OF THE AGRICULTURAL POTENTIAL OF THE AREA. I QUITE UNDERSTAND THE PHILOSOPHICAL DEBATE BETWEEN HELPING THE POOREST AND PUTTING OUR MONEY WHERE THE GREATEST CHANCES FOR INCREASED PRODUCTIVITY EXIST. I CAN ASSURE YOU THAT HIS MISSION IS PREPARED FULLY TO ADDRESS THE INCOME QUESTION. THE STUDIES OF THE SILIANA AREA SHOULD CONTINUE, BUT AT THE SAME TIME WE MUST ANNOUNCE IN OCTOBER SOME SPECIFIC FORWARD MOTION. I DO NOT FULLY UNDERSTAND WHAT VALID OBJECTIONS EXIST TO PRO-

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CEEDING WITH AN INTIAL LOAN IN THE SILIANA AREA. WE HAVE IDENTIFIED A ROAD AND BRIDGE PROJECT WHICH IS ESSENTIAL TO FURTHER DEVELOPMENT EFFORTS IN THE AREA, OUR SHARE OF WHICH WOULD AMOUNT TO \$2.4M. WE SHOULD BE PREPARED TO SIGN AN AGREEMENT WITH THE TUNISIAN GOVERNMENT FOR THIS AMOUNT AT THE JOINT COMMISSION. I WOULD ALSO ASK YOUR ASSISTANCE IN OBTAINING IMMEDIATE APPROVAL FOR AN FY 77 OPG FOR SILIANA WATER IMPROVEMENT RECENTLY SUBMITTED, OUR SHARE OF

WHICH WOULD BE 500,000. THE CARE-MEDICO TECHNICIANS ARE ALREADY ENGAGED IN THIS KIND OF WORK IN TUNISIA, THE PROJECT IS WELL THOUGHT OUT, AND I WOULD LIKE TO SEE OUR PEOPLE AT WORK IN THE AREA ON THE FIRST DAY OF FY 77. WHERE POSSIBLE WE MUST DRAW ON RESOURCES AND KNOWLEDGE AVAILABLE TO THE MISSION. AS

A THIRD ITEM OUR EXPERTS IN THE MISSION ARE DEVELOPING A LIVESTOCK/FORAGE COMPONENT FOR SILANA.

B. SCIENCE AND TECHNOLOGY. AS AID ADMINISTRATOR PARKER IS AWARE FROM HIS RECENT CONVERSATION WITH PRESIDENT BOURGUIBA'S SON, THERE IS TREMENDOUS INTEREST HERE IN SATELLITE TECHNOLOGY, AND ADMINISTRATOR IN THIS CONVERSATION (STATE 176698) RAISED POSSIBILITY OF OUR ASSISTANCE WITH BOURGUIBA, JR.

SATELLITE PROGRAM CENTERED ON LAND USE WOULD BE COMPLEMENTARY TO OUR ONGOING EFFORTS IN AGRICULTURAL PLANNING, RANGE MANAGEMENT AND GREATER UTILIZATION OF CURRENT UNDERDEVELOPED AREAS. U.S. HAS STRONG BACKGROUND AND GREAT EXPERIENCE IN THIS SUBJECT AREA, AS WELL AS EXPERIENCE IN MOUNTING ASSISTANCE PROJECTS BASED ON SATELLITE TECHNOLOGY. I BELIEVE THESE ASSETS, PLUS DEMONSTRATED TUNISIAN INTEREST IN SUBJECT, ARE SUFFICIENT TO PROPOSE SCIENCE AND TECHNOLOGY PROJECT COMPOSED OF LOAN (FOR EARTH STATION AND OTHER ALLIED EQUIPMENT) AND GRANT (FOR TRAINING OF NECESSARY TECHNICIANS) TDSFM MORE DETAILED MESSAGE WILL FOLLOW.

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NSAE-00 SP-02 NEAE-00 SSO-00 INRE-00 OES-06 /074 W

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O 311230Z AUG 76

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC IMMEDIATE 4007

C O N F I D E N T I A L SECTION 2 OF 2 TUNIS 6086

FOR AID ADMINISTRATOR PARKER AND ASSISTANT SECRETARY  
ATHERTON FROM AMBASSADOR

C. AGROBUSINESS.

\$3M WAS EARMARKED FOR AGROBUSINESS AT ABS REVIEW. WE SHOULD BE PREPARED TO SPEAK TO THIS SUBJECT IN FAIRLY CONCRETE TERMS AT JC MEETING. TUNISIA'S GREATEST NEED AND OUR BEST OPPORTUNITY IS IN AREA OF IMPORT SUBSTITUTION. CONSIDERABLE STUDY HAS ALREADY BEEN DONE ON A FEEDLOT PROPOSAL. ANOTHER POSSIBILITY IS PROJECT TO INCREASE LOCAL SUGAR PRODUCTION. IN THE NEXT FEW WEEKS WE SHOULD BE ABLE TO COME UP WITH A GOOD PRESENTATION ON AGROBUSINESS. TUNISIANS ARE PARTICULARLY RECEPTIVE AT THE PRESENT TIME TO PROPOSALS IN THIS FIELD, AND RECENT AGROBUSINESS COUNCIL MISSION HAS HELPED LAY THE GROUNDWORK.

D. RURAL HEALTH.

A \$3M LOAN IS EARMARKED FOR THE RURAL HEALTH AREA IN FY 79. I WOULD PROPOSE MOVING THIS UP TO FY78 AS ORIGINALLY PROPOSED IN ABS. THE PROJECT PROPOSED IN OUR ABS OVERLAPS CONSIDERABLY WITH WHAT THE TUNISIANS HAVE JUST TOLD US THEY WANT. (LTOOER FROM MINISTER OF HEALTH KOOLI TRANSMITTED BY TUNIS 5864). WE SHOULD BE ABLE TO RESPOND AFFIRMATIVELY TO KOOLI'S REQUEST FOR ASSISTANCE FOR MATERNAL AND

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CHILD HEALTH CENTERS BY TIME OF JC MEETING.

E. FAMILY PLANNING.

IN THIS AREA OUR RECORD IS GOOD AND WE SIMPLY NEED TO ASSURE TUNISIANS THAT WE WILL REMAIN ACTIVE FOR THE NEXT SEVERAL YEARS.

F. HOUSING INVESTMENT GUARANTEES.

WE HAVE BEEN WORKING ON A \$20M HIG SINCE THE TIME OF THE LAST JC MEETING. I AM TOLD THAT AN AGREEMENT IS ALMOST READY FOR SIGNATURE. WE SHOULD ASSURE THAT THERE IS NO SLIPPAGE AND THAT THIS AGREEMENT, TO WHICH HIGHEST GOT LEVELS ATTACH GREAT POLITICAL WEIGHT, CAN BE SIGNED IN OCTOBER.

3. IT IS WITH SOME RELUCTANCE THAT I HAVE ADDRESSED THIS MESSAGE DIRECTLY TO YOU BOTH. IN MY RECENT TELEGRAM TO YOU ON THE PHASEOUT OF THE AID PROGRAM IN TUNISIA, I OUTLINED MY VIEWS ON OUR CURRENT CLOUDY POLITICAL RELATIONSHIP AND THE IMPORTANCE OF OUR AID PROGRAM TO THAT RELATIONSHIP. THE TUNISIANS WILL SIMPLY NOT UNDERSTAND IF WE COME TO THE JC MEETING WITH NOTHING SUBSTANTIVE TO REPORT. I BELIEVE

THAT THE PROPOSALS FOR ACTION THAT I HAVE ENUMERATED WILL FORESTALL SUCH A SITUATION, ARE NOT UNREALISTIC, AND CAN BE ACCOMPLISHED IN TIME WITH YOUR PERSONAL SUPPORT.

MULCAHY

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## Message Attributes

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